

# Disclosure of material issues

Issue	Category	Description	Reporting
<b>Economic category</b>			
<b>Profitable growth</b>	High	Managing organic sales growth that impacts company's operating profits	<ul style="list-style-type: none"> <li>• Novozymes in a nutshell</li> <li>• 2018 in brief</li> <li>• Accounts and performance – Sales and earnings</li> <li>• Consolidated statements of income</li> </ul>
<b>Solid capital structure</b>	High	Managing Novozymes' ability to finance its operations and growth using different sources of funds	<ul style="list-style-type: none"> <li>• Equity and shareholder return</li> </ul>
<b>Trade Policies*</b>	High	Managing impacts of changing global trade policies on business	<ul style="list-style-type: none"> <li>• Risk management</li> </ul>
<b>Tax</b>	Medium	Responsible and transparent global approach to corporate tax	<ul style="list-style-type: none"> <li>• Note 2.6 Tax</li> </ul>
<b>Environmental category</b>			
<b>Climate change and energy</b>	High	Addressing risks and opportunities due to climate change, reducing GHG footprint in value chain, increasing energy efficiency and share of renewable energy	<ul style="list-style-type: none"> <li>• Note 7.1 Climate change</li> <li>• Targets: SAVE</li> <li>• Note 7.2 Energy</li> <li>• Environmental performance and data</li> </ul>
<b>Water</b>	High	Addressing risks and opportunities associated with water availability and waste water discharge across the value chain	<ul style="list-style-type: none"> <li>• Note 7.3 Water</li> <li>• Environmental performance and data</li> </ul>
<b>Product stewardship</b>	High	Taking responsible ownership of products to minimize adverse impacts. Includes product design, safety and handling and social and environmental impacts over life cycle	<ul style="list-style-type: none"> <li>• Note 7.7 Product stewardship</li> </ul>
<b>Bio-ethics and biodiversity</b>	High	Adoption of ethical, science-based regulation for processes and products involving gene technology. Includes aspects like responsible use of Gene technology, bio-diversity rights and conservation and access and benefit sharing	<ul style="list-style-type: none"> <li>• Note 7.6 Bioethics &amp; biodiversity</li> </ul>
<b>Waste</b>	Medium	Reducing waste, disposing it off appropriately and optimizing opportunities for waste recovery, recycling and re-use	<ul style="list-style-type: none"> <li>• Note 7.4 Waste</li> <li>• Environmental performance and data</li> </ul>
<b>Deforestation and land use change</b>	Medium	Conversion of carbon-rich environments, such as forests and peatlands, to lower-carbon uses, including destruction of forest land for agriculture	<ul style="list-style-type: none"> <li>• Position paper on climate change on Novozymes.com</li> <li>• Note 8.6 Responsible sourcing</li> </ul>

Issue	Category	Description	Reporting
<b>Animal Welfare</b>	Medium	Policies and practices in place to ensure the wellbeing and humane treatment of animals. It includes Novozymes' protocols regarding animal testing	<ul style="list-style-type: none"> <li>Position paper on animal welfare on Novozymes.com</li> </ul>
<b>Governance category</b>			
<b>Corporate Governance</b>	High	Implementing mechanisms, policies and procedures that control and direct Novozymes' way of running business and operations	<ul style="list-style-type: none"> <li>Note 8.3 Business ethics</li> <li>Governance</li> </ul>
<b>Business ethics</b>	High	Implementing mechanisms and processes that govern issues like corruption and bribery, anti-competitive practices, fraud and general code of conduct for day-to-day operations	<ul style="list-style-type: none"> <li>Note 8.3 Business ethics</li> <li>Governance</li> </ul>
<b>Data security</b>	Medium	System of policies and digital protection measures to prevent unauthorized access to computers, databases, the website and intellectual property	<ul style="list-style-type: none"> <li>Risk management</li> </ul>
<b>Social Category</b>			
<b>Occupational health and safety</b>	High	All policies, procedures and initiatives to ensure safe, healthy and incident-free working environment for all	<ul style="list-style-type: none"> <li>Note 8.2 Occupational health &amp; safety</li> </ul>
<b>Labor practices and human rights</b>	High	Promoting fair labor practices, decent working conditions and respect for human rights including talent management and employee retention	<ul style="list-style-type: none"> <li>Note 2.3 Employees</li> <li>Note 8.1 Labor practices &amp; human rights</li> </ul>
<b>Community engagement and social investment</b>	High	Creating value for society through engagement and investment programs	<ul style="list-style-type: none"> <li>Note 8.4 Community engagement</li> <li>Strategic social investment in Sustainability section</li> </ul>
<b>All</b>			
<b>Innovation</b>	High	Developing novel products and optimizing processes to meet global challenges	<ul style="list-style-type: none"> <li>Social and governance performance</li> <li>Product launches in 2017</li> <li>Note 2.4 Research and development costs</li> </ul>
<b>Partnerships and customer engagement</b>	High	Developing partnerships with stakeholders (customers, government and academia) for continued business growth and maximizing sustainable impact	<ul style="list-style-type: none"> <li>Targets: CATALYZE</li> <li>Strategy</li> <li>Business model</li> <li>Note 8.5 Customer engagement</li> </ul>
<b>Compliance</b>	High	Complying with relevant legal, financial, governance, environmental and social regulations in all operating regions	<ul style="list-style-type: none"> <li>Governance</li> <li>Consolidated statements of income</li> <li>Note 7.5 Environmental compliance, etc.</li> </ul>
<b>Responsible sourcing</b>	High	Ensuring sustainable supply chains by taking into account social and environmental considerations in addition to quality and economical aspects	<ul style="list-style-type: none"> <li>Note 8.6 Responsible sourcing</li> </ul>